

Connecticut Insurance and Financial Services Cluster

Aetna
Bank of America
Catlin Insurance
ConnectiCare
The Hartford Financial
Services Group
Hartford Steam Boiler
Inspection & Insurance
Company/Munich RE
ING Group
InSource, LLC/ Virtusa
Insurity/Lexis Nexis
KPMG
MassMutual Financial
Group
MetroHartford Alliance
NewAlliance Bank
Northeast Utilities
People's United Bank
The Phoenix Companies
PricewaterhouseCoopers
Prudential Retirement
Robinson & Cole, LLP
Savings Bank Life
Insurance/Vantis Life
TD Bank
Travelers Companies
UnitedHealthcare
United Illuminating
Webster Bank
XL Group plc

Statement on Behalf of
Connecticut's Insurance and Financial Services Cluster
Regarding
House Bill 6305: AAC Implementation of the Sustinet Plan
Insurance & Real Estate and Public Health and Human Services
Committees
February 14, 2011

The Connecticut Insurance & Financial Services [IFS] Cluster, funded by its members, is committed to strengthening and advancing Connecticut's sixth largest industry sector which currently provides jobs for over 115,000 people and includes over 6,000 establishments within Connecticut.

Within this vital part of the Connecticut economy, over 17,000 workers are directly employed by our health insurers and many more work in our allied health industry. The industry recognizes that Connecticut's economic health is tied to the wellness of its citizens. It supports healthier lifestyles by promoting wellness and preventive care; greater transparency with the development of electronic medical health records, and better access to quality care.

There are concerns that House Bill 6305 is ill-timed and proposes 'reform ahead of the reform'. Many of the same components of the Sustinet proposal are already mandated by federal reform and passage of the Patient Protection and Affordable Care Act.

Additionally, questions regarding the fiscal impact of the bill remain unanswered. Supporters claim that the health plan will save the State over \$200 million a year. Opponents lay claim that start-up costs have not been formally developed or disclosed. Regardless of the position, with a \$3.5 billion budget deficit and over \$70 billion of unfunded pension liabilities, Connecticut cannot afford to increase its debt exposure.

In fact, just this week, Moody's Investors Services has increased its focus on the fiscal health of state pensions for purposes of establishing creditworthiness. As a state with one of the worst pension liabilities,

***31 Pratt Street
Hartford, Connecticut 06103
860-728-2271***

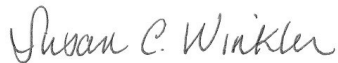
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Connecticut's focus should be on meeting its existing financial obligations, including a \$200M shortfall in the state's Medicaid account.

The Sustinet bill presents problems for Connecticut in many ways. It does not address the high cost of state mandates that drive up the cost of health insurance especially for small businesses. Its proposal to create a quasi-government authority, the Sustinet Plan Authority, is not aligned with the Governor's directive to streamline government. Additionally, efforts to create a self-insured plan for current state programs and subsequently additional populations puts the State at significant potential financial risk. This has the likely potential to increase the budget deficit and impact the existing, high-paying, health insurance jobs that are inextricably linked to our economy.

Implementation of a number of provisions of federal health care reform is taking place today and hold a many benefits for our State's citizens. We believe it is important to continue with the reform work currently taking place and the opportunities that are available to improve the health care system in Connecticut.

I ask that you reject House Bill 6305.



Susan C. Winkler
Executive Director
Connecticut Insurance & Financial Services Cluster

*31 Pratt Street
Hartford, Connecticut 06103
860-728-2271*